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From:

Sent: Wednesday, June 24, 2009 4:41 PM

To:

Cc:

Subject: RE: More questions from the Baltimore Sun

We have looked at the first question and concluded that it is primarily a gift tax question. has jurisdiction over gift tax.

The second question concerns whether a residence is a principal residence for purposes of the first-time homebuyer credit. In the case of a taxpayer using more than one property as a residence, whether a particular property is a principal residence depends on all the facts and circumstances.

Section 1.121-1(b)(2) of the Income Tax Regulations governs the definition "principal residence" for purposes of the first-time homebuyer credit. It provides that if a taxpayer alternates between 2 properties, using each as a residence for successive periods of time, the property that the taxpayer uses a majority of the time during the year ordinarily will be considered the taxpayer's principal residence. In addition to the taxpayer's use of the property, relevant factors in determining a taxpayer's principal residence, include, but are not limited to--

- (i) The taxpayer's place of employment;
- (ii) The principal place of abode of the taxpayer's family members;
- (iii) The address listed on the taxpayer's federal and state tax returns, driver's license, automobile registration, and voter registration card;
- (iv) The taxpayer's mailing address for bills and correspondence;
- (v) The location of the taxpayer's banks; and
- (vi) The location of religious organizations and recreational clubs with which the taxpayer is affiliated.

I hope this helps.